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INTRODUCTION

Ogemaw County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Ogemaw County PA had jurisdiction. The Ogemaw County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Ogemaw County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Ogemaw County PA for the period October 1, 1999 through September 30, 2000. We performed the audit tests that we determined were necessary to determine if the costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Ogemaw County PA overbilled the FIA for the Central Services line item. The State share of the net amount overbilled was \$395. (See Schedule A.) We also found that the costs allocated to the PA in Ogemaw County's indirect cost plans were overstated and could result in overbillings for contract years 10/01/2000-9/30/2001 and 10/01/2001-9/30/2002.

Our report recommends the Family Services Administration initiate the process to recoup a total of \$395 from the Ogemaw County PA. Our report also recommends the Family Independence Services Administration require Ogemaw County to amend the 1999 and 2000 indirect cost plans to remove the overstated costs and amend the related billings for contract years 10/01/2000-9/30/2001 and 10/01/2001-9/30/2002.

PA RESPONSE

The PA did not respond to our draft report.

FINDINGS

Central Services, Fringe Benefits

1. The Ogemaw County PA overbilled the FIA \$542 for fringe benefit costs included in central services. The Ogemaw County indirect cost plans allocated social security, retirement, workers' compensation, unemployment, health insurance, health deductible, retiree health insurance, and life insurance costs to the PA. These allocations (other than the retiree health care and health deductible, which were properly allocated) appeared, for the most part, to be allocations of additional costs. As part of our review of the billed personnel costs we tied the personnel costs to source documents. (The billed costs contained all of the same costs, other than the retirees' health care and health deductible, that were included in the indirect cost plans.) The review indicated that FIA was billed actual cost. There is no basis to allow any additional costs as part of central services. (See Schedule A) Note: the 1997 and 1998 indirect cost plans are the cost plans discussed in the above Finding. The same allocations, however, were made in the 1999 and 2000 indirect cost plans. This means that in addition to the contract year covered by this audit, contract years 10/01/2000-9/30/2001 and 10/01/2001-9/30/2002 billed costs could be overstated.

WE RECOMMEND the Family Services Administration initiate the process to recoup a total of \$395 from the Ogemaw County PA.

WE ALSO RECOMMEND the Family Independence Services Administration require Ogemaw County to amend the 1999 and 2000 indirect cost plans to remove the overstated

costs and amend the related billings for contract years 10/01/2000-9/30/2001 and 10/01/2001-9/30/2002.

Finding #	Line Item	Audit Period	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	Due (State) County
1	Central Services	10/1/1999-9/30 2000	(2,600)	20.83%	\$ (542)	
Grand Total of the IV-D Audit Adjustments					<u>\$ (542)</u>	
Calculation of the Payment Due the (State) County						
					Total	
Audited IV-D Amount					60,992	
IV-D Amount Used for the Payments Actually Made					<u>(61,534)</u>	
IV-D Audit Adjustment Due (State) County					(542)	
State Share %					72.88%	
						<u>(395)</u>